



Central Bank of Kenya

Weekly Bulletin

October 21, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 20. It exchanged at KSh 121.11 per US dollar on October 19, compared to KSh 120.94 per US dollar on October 13 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,316 million (4.13 months of import cover) as at October 19. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Money Market

Liquidity in the money market decreased during the week ending October 20, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 31.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.18 percent on October 19 compared to 4.89 percent on October 13. During the week, the average number of interbank deals increased to 33 from 30 in the previous week, while the average value traded increased to KSh 26.8 billion from KSh 16.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of October 19, received bids totaling KSh 28.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 117.9 percent. Interest rates remained stable, with all the rates increasing marginally (**Table 4**).

During the Treasury bond auction of October 19, the twenty five-year fixed rate Treasury bond issued received bids totaling KSh 14.9 billion against an advertised amount of KSh 20.0 billion, representing a performance of 74.5 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 0.8 percent, 2.5 percent and 1.8 percent, respectively. Market capitalization also increased by 0.8 percent, while equity turnover and total shares traded declined by 68.0 percent and 73.5 percent, respectively during the week ending October 20 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market decline by 21.0 percent during the week ending October 20 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 61.47 basis points, with 2024 maturity increasing by 118.8 basis points. The yields on the 10-Year Eurobonds for Angola and Ghana also increased (**Chart 2**).

Global Trends

Inflationary pressures have persisted amid global growth concerns and repercussions of the developing political crisis in the UK. Yields on US government securities continued to increase on expectations of a more aggressive policy rate hike by the US Fed. The index of the US dollar against a basket of major currencies strengthened further by 0.5 percent during the week ending October 20.

International oil prices decreased during the week ending October 20 as concerns on inflation and Covid-19 restrictions in China persisted. Murban oil price decreased to USD 93.00 per barrel on October 20 from USD 93.96 per barrel on October 13.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
7-Oct-22	120.85	136.71	119.51	83.36	31.61	19.30	8.81	17.10
10-Oct-22	Public Holiday							
11-Oct-22	120.86	135.62	118.72	83.21	31.61	19.29	8.81	17.09
12-Oct-22	120.91	133.21	117.53	82.94	31.72	19.29	8.81	17.09
13-Oct-22	120.94	133.45	117.40	82.34	31.71	19.28	8.81	17.08
Oct 07-13	120.89	134.75	118.29	82.96	31.66	19.29	8.81	17.09
14-Oct-22	120.97	134.81	117.35	82.04	31.62	19.28	8.81	17.08
17-Oct-22	121.03	136.13	118.06	81.63	31.64	19.27	8.81	17.07
18-Oct-22	121.07	136.59	117.98	81.36	31.63	19.26	8.80	17.07
19-Oct-22	121.11	137.13	119.18	81.28	31.54	19.26	8.81	17.07
20-Oct-22	Public Holiday							
Oct 14-20	121.05	136.16	118.14	81.58	31.61	19.27	8.81	17.07

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)					
	22-Sep-22	29-Sep-22	6-Oct-22	13-Oct-22	19-Oct-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,448	7,424	7,321	7,294	7,316
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.24	4.19	4.13	4.11	4.13

*Based on 36 months average of imports of goods and non-factor services

Source: Central Bank of Kenya

Table 3: Money Markets			
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
7-Oct-22	36	24,430.00	5.10
10-Oct-22	Public Holiday		
11-Oct-22	46	20,630.00	5.40
12-Oct-22	17	9,720.00	4.81
13-Oct-22	19	9,590.00	4.89
Oct 7-13	30	16,092.50	5.05
14-Oct-22	24	13,130.00	4.72
17-Oct-22	42	36,440.00	4.87
18-Oct-22	38	25,965.00	5.16
19-Oct-22	29	31,470.00	5.18
20-Oct-22	Public Holiday		
Oct 14-20	33	26,751.25	4.98

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	28-Jul-22	25-Aug-22	29-Sep-22	6-Oct-22	13-Oct-22	19-Oct-22
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	14,077.49	10,815.66	5,129.43	18,087.00	10,151.89	19,518.51
Amount Accepted (KSh M)	14,076.51	8,368.63	2,487.10	10,757.41	10,150.23	13,847.84
Maturities (KSh M)	10,361.10	455.40	4,035.00	11,185.35	13,348.35	13,744.80
Average Interest Rate (%)	8.399	8.767	8.952	9.036	9.058	9.100
182-Day Treasury Bills						
Date of Auction	28-Jul-22	25-Aug-22	29-Sep-22	6-Oct-22	13-Oct-22	19-Oct-22
Amount Offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids Received (KSh M)	3,250.20	4,162.31	3,049.07	6,882.60	13,946.23	4,819.96
Amount Accepted (KSh M)	1,856.22	2,225.72	3,039.53	6,880.12	12,944.68	4,672.62
Maturities (KSh M)	5,258.45	4,085.40	3,248.05	4,089.05	2,695.45	9,384.25
Average Interest Rate (%)	9.392	9.532	9.631	9.639	9.656	9.664
364-Day Treasury Bills						
Date of Auction	28-Jul-22	25-Aug-22	29-Sep-22	6-Oct-22	13-Oct-22	19-Oct-22
Amount Offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids Received (KSh M)	2,379.39	4,437.52	1,133.80	1,428.21	3,918.82	3,965.45
Amount Accepted (KSh M)	2,377.03	4,408.79	1,124.70	1,421.21	3,918.64	3,965.45
Maturities (KSh M)	2,968.30	4,337.10	1,775.15	2,582.40	6,290.80	5,117.10
Average Interest Rate (%)	9.946	9.910	9.905	9.905	9.910	9.928

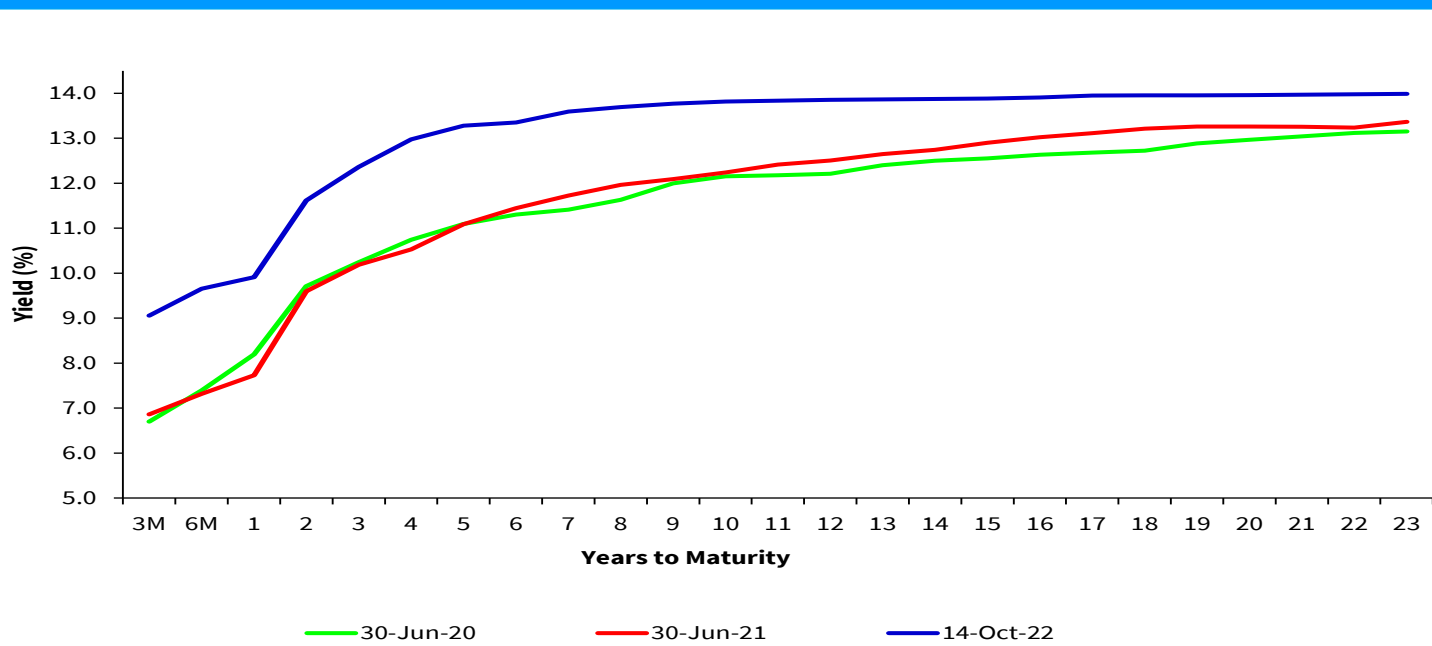
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	17-Aug-22			14-Sep-22		5-Oct-22		19-Oct-22
	RE-OPEN			RE-OPEN		RE-OPEN		
Tenor	FXD1/ 2022/03	FXD2 2019/10	FXD1/ 2021/20	FXD1/ 2022/10	FXD1/ 2022/15	FXD1/ 201710	FXD1/ 2020/15	FXD1/ 2022/25
Amount offered (KSh M)	50,000.00			50,000.00		40,000.00		20,000.00
Bids received (KSh M)	21,817.39	8,961.47	18,347.49	28,516.06	17,617.97	17,256.31	1,543.83	14,894.85
Amount Accepted (KSh M)	21,800.81	8,775.73	7,948.69	25,619.45	13,406.37	14,109.57	1,006.54	13,665.80
Maturities (KSh M)								
Average interest Rate (%)	12.45	13.88	13.96	13.95	13.98	13.37	13.97	14.19

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

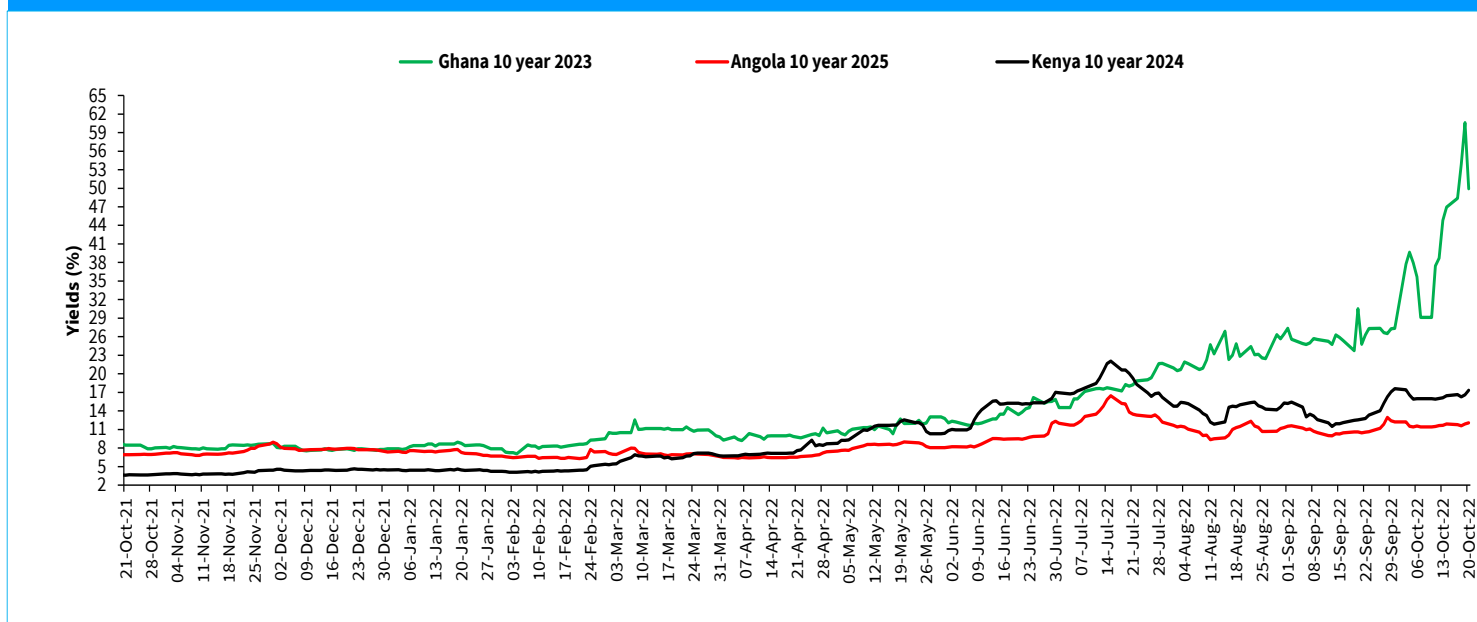
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitaliza- tion (KSh Billion)	Bonds Turnover (KSh Million)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	13-Year 2034	30-Year 2048
7-Oct-22	126.32	3034.74	1676.77	1,534.00	25.85	709.23	1,968.08	3,122.10	14.837	15.972	13.936	13.953	12.517	13.162
10-Oct-22	Public Holiday								14.837	15.972	13.936	13.953	12.517	13.162
11-Oct-22	129.13	3061.04	1667.75	1,270.00	20.30	298.62	2,012.01	2,358.15	14.843	15.891	13.938	13.922	12.547	13.213
12-Oct-22	130.35	3083.39	1682.58	1,506.00	22.44	409.51	2,031.01	3,542.25	14.957	16.000	13.941	13.955	12.548	13.239
13-Oct-22	128.79	3056.40	1674.95	1,153.00	8.16	203.52	2,006.70	5,034.35	15.193	16.140	14.030	14.057	13.240	13.316
Oct 7-13	128.79	3056.40	1674.95	5,463.00	76.75	1,620.88	2,006.70	14,056.85	15.193	16.140	14.030	14.057	13.240	13.316
14-Oct-22	129.66	3125.96	1700.22	1,086.00	4.23	156.96	2,023.99	3,394.25	15.31	16.445	14.279	14.386	12.939	13.58
17-Oct-22	129.78	3125.22	1694.70	1,081.00	4.61	126.08	2,022.12	2,179.60	15.482	16.655	14.364	14.454	13.031	13.689
18-Oct-22	129.73	3124.54	1705.02	1,207.00	7.24	155.81	2,021.32	4,517.10	15.322	16.282	14.284	14.389	12.911	13.553
19-Oct-22	129.80	3134.09	1705.28	991.00	4.22	80.33	2,022.44	1,023.55	15.494	16.59	14.329	14.424	12.972	13.607
20-Oct-22	Public Holiday								15.794	17.328	14.755	14.732	13.284	13.771
Oct 14-20	129.80	3134.09	1705.28	4,365.00	20.31	519.18	2,022.44	11,114.50	15.794	17.328	14.755	14.732	13.284	13.771
Weekly Changes (%)	0.78	2.54	1.81	-20.10	-73.54	-67.97	0.78	-20.93	0.601*	1.188*	0.725*	0.675*	0.044*	0.455*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-20	30-Jun-21	31-Dec-21	29-Jul-22	30-Sep-22	07-Oct-22	14-Oct-22
1. Treasury Bills (Excluding Repos)	887.70	765.37	709.15	646.95	672.28	670.17	672.01
<i>(As % of total securities)</i>	28.56	21.17	17.95	15.29	15.61	15.57	15.55
2. Treasury Bonds	2,220.34	2,849.94	3,242.24	3,585.11	3,634.86	3,634.86	3,650.20
<i>(As % of total securities)</i>	71.44	78.83	82.05	84.71	84.39	84.43	84.45
3. Total Securities (1+2)	3,108.04	3,615.31	3,951.39	4,232.07	4,307.14	4,305.03	4,322.22
4. Overdraft at Central Bank	47.15	59.28	59.31	45.44	27.25	29.67	52.56
5. Other Domestic debt*	23.24	22.50	21.66	30.01	30.90	30.90	31.89
6. Gross Domestic Debt (3+4+5)	3,178.42	3,697.09	4,032.37	4,307.52	4,365.29	4,365.60	4,406.66

* Other domestic debt includes clearing items in transit, advances from commercial banks and Pre-1997 Government Overdraft.

Source: Central Bank of Kenya

Table 8: Composition of Government Domestic Debt by Instrument (Percent)

	30-Jun-20	30-Jun-21	31-Dec-21	29-Jul-22	30-Sep-22	7-Oct-22	14-Oct-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.02	15.40	15.35	15.25
Treasury bonds	69.86	77.09	80.41	83.23	83.27	83.26	82.83
Overdraft at Central Bank	1.48	1.60	1.47	1.05	0.62	0.68	1.19
Other domestic debt	0.73	0.61	0.54	0.70	0.71	0.71	0.72
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Composition of Government Domestic Debt by Holder (Percent)

	30-Jun-20	30-Jun-21	31-Dec-21	29-Jul-22	30-Sep-22	7-Oct-22	14-Oct-22
Banking Institutions	54.18	51.24	50.20	48.28	47.60	47.62	47.72
Insurance Companies	6.05	6.66	6.79	7.20	7.32	7.32	7.28
Parastatals	5.73	5.54	5.57	5.96	6.09	6.08	6.17
Pension Funds	29.04	30.60	31.34	32.56	32.75	32.73	32.57
Other Investors	5.00	5.96	6.10	6.01	6.24	6.25	6.27
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Government Debt

	Sep-20	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22*
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,288.33
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	37.08	36.73	36.90	36.82	36.58
Public & Publicly Guaranteed External debt (KSh Bn)	3,663.49	3,793.29	3,999.54	4,058.50	4,174.37	4,209.56	4,290.73
Public debt (KSh Bn)	7,120.60	7,281.83	7,696.63	7,996.30	8,206.74	8,401.33	8,579.06

* Provisional

Source: The National Treasury and Central Bank of Kenya